

ARTICLE 10

SECTION 4

DETERMINING MONTHLY INCOME AMOUNTS

1. GENERAL

Income used in the Medi-Cal share-of-cost determination is the available nonexempt amount received or expected to be received in the SOC budget month, unless it is to be apportioned (distributed over a specified period of time) as detailed in this section. Unlike AFDC and Food Stamps, Medi-Cal is prospectively budgeted.

The amount of monthly income used in the Medi-Cal budget must be computed when it is received other than monthly, fluctuates in amount or frequency, or must be estimated. Staff must document how the income used, in determining eligibility and benefit level, is computed and budgeted.

State
Clarification

Form 14-29 DSS, Medi-Cal Income Worksheet, is used to compute the monthly income amount. Form completion instructions are provided in MPG Article 10, Section 7. Either manual or automated budget worksheets may be used when computing monthly income amounts and determining eligibility or benefit level as long as it is clearly documented.

CMS Program income determination instructions are located in MPG Article A.

2. ACTUAL INCOME

The actual amount of weekly/biweekly income received or expected in the month must be used when any of the following situations exist:

A. Short Term Benefits

The applicant states that he/she wishes to receive Medi-Cal for less than three months (including retro months).

B. Beginning/Terminating Income

The applicant will not receive the income for the full month. The most common examples are when a person begins employment or when benefits, such as UIB, are exhausted.

C. QMB Income Calculations

D. Fluctuating Income

Fluctuating Income is income that is not the same each time received. If actual amounts of fluctuating income are known, the actual amounts must be used. (See 3. below for fluctuating income details.)

1) Intake Procedures

a) When to Use Actual Income

For any full month's income already received or where the full current month's actual income is known, the actual amount is used for those months.

Examples:

- (1) The current month is 8-8X. Application date is 7-20-8X. Total income is known for 7-8X, so the actual amount of income is used for 7-8X. In the current month, 8-8X, the applicant has received one paycheck and will receive one more. The applicant knows the amount of the remaining paycheck for 8-8X because the pay period has closed and he/she knows how many hours of overtime will be included. In this case, the actual current month's income is known so it is used for the current month also.
- (2) If the applicant in the above example does not know what the next paycheck amount will be for the current month (pay period not ended and possibility of additional overtime), the actual income for the current month is not known. The current month becomes an "estimate" month, and apportionment may be appropriate.

b) When to Estimate Income

When actual current or future fluctuating income is not known, an estimate must be made. The worker and the applicant should agree on the amount to be used based on the best information available. This estimate will be made considering all of the following:

- (1) The income pattern over the past year; and
- (2) The actual income received in the last month; and
- (3) The beneficiary's statement of anticipated income.

The worker will clearly document how income was estimated.

This method of estimating income does not apply to self-employment income. (See MPG Article 10, Section 5.)

If the applicant is paid at regular intervals which require apportionment, the per payday amount, based on averaging or estimating, must be used in the apportionment computation.

2) Granted Procedures

a) When to Use Actual Income

In some situations, amounts of fluctuating income are known in advance. The actual amount must be used to recompute the future SOC when the actual amount is known and the worker can provide adequate notice.

Example:

Beneficiary is paid semi-monthly and works on commission. By the 10th of each month, beneficiary knows what his/her income will be on the 5th of the following month. Even though the income fluctuates, the actual amount is known in advance and should be used to recompute the SOC budget for the month the income will be received, assuming timely notice can be provided when required.

b) When to Estimate Income

Generally, the average of past fluctuating income should be used to estimate future expected income. However, if income over a period of time shows a steady increase, the most recent income may be a better estimate of future income. (See 4. below for regulations regarding estimating self-employment income.)

3. APPORTIONED INCOME

When nonfluctuating income is received in intervals other than monthly, it will be converted to a monthly amount.

A. Income Received Weekly

Multiply gross weekly income received by 4.33.

B. Income Received Biweekly

Multiply gross biweekly income received by 2.167.

Example: UIB income, though determined as a weekly benefit amount (WBA), is normally paid at biweekly intervals. Therefore, the total amount received biweekly would be multiplied by 2.167 to determine the monthly amount.

C. Income Received Twice Monthly

Multiply gross semi-monthly income received by 2 if each paycheck is for the same amount.

D. Income Received Bimonthly (Every Two Months)

Divide gross bimonthly income received by 2.

E. Income Received Quarterly (Every Three Months)

Divide gross quarterly income received by 3.

F. Annual Contracts of Employment

If an annual contract of employment provides that duties are to be performed (earned) and income received in more than eight but less than twelve months (e.g., teachers), the total earnings are to be apportioned equally over the period of the contract beginning with the first month of the contract. The first month of the contract is the one in which the employee is required to begin performance of the contract duties, even if the employee will not be working the full month. The last month is the one in which the contractual obligation ends.

If an employee works under an annual contract of employment but does not meet the "earned and received in more than eight but less than twelve months" requirement, the income is considered in the month received.

G. Self-Employment Income

Estimate annual net profit and divide by 12 to determine gross monthly income. (See MPG Article 10, Section 5 for further details regarding determining income from self-employment.)

H. Loans

A loan which is not exempt from consideration as income, and which specifies that it is to cover a certain period of time, must be apportioned over that period of time. The most common example is a graduate student loan.

A non-exempt loan which is not intended or does not specify that it covers a certain period of time is considered income in the month received.

I. Interest

1) Deeds of Trust

The interest portion of payments received from notes, Deeds of Trust, or Contracts of Sale must be determined on an annual basis and divided by 12 to determine the monthly amount.

2) Other Interest Income

Interest income (other than that discussed in C. above) received less often than monthly, and which is not exempt as irregular or infrequent, is an exception to the rule of prospective budgeting. This type of income must be calculated as follows:

- a) Determine the number of months in the period during which the interest accrued (interest period).
- b) Divide the interest income by the number of months in the interest period.
- c) Count the amount determined in 2) as income in each of the months of the next interest period.

This apportionment method assumes that the beneficiary will continue to receive the interest income in the months to which it is being applied. If the beneficiary is not expected to continue to receive the interest income, then it is not to be included in the SOC budget.

If other interest income is received monthly or more often, the monthly amount must be determined in the manner applied to any other unearned income (actual if known, fluctuating, estimated).

J. Income Received Less Often Than Monthly

Income received less often than monthly, in intervals other than those detailed in 3.D., 3.E., or 3.F. above, is considered income in the month received.

4. ANTICIPATING INCOME

A. Income From A New Source

If an applicant or beneficiary states with reasonable certainty that income is expected to begin in a current or future month, and the amount is either known or can be estimated, the income must be considered available for the month it is expected to be received. It is not necessary to wait until the applicant/beneficiary actually receives the income before recomputing the SOC budget.

Example:

A beneficiary calls the worker on the 15th of the month to report that he was laid off from his job and immediately filed for UIB benefits. The beneficiary states that he was told by EDD that he should receive his first UIB check by the end of this month, and the expected weekly benefit (WBA). The worker must recompute the future month's SOC budget deleting the earnings and including the anticipated UIB.

B. Change in Income

If the applicant/beneficiary expects a change in the amount of income (raise, increase, or reduction in hours of employment, etc.) and the amount of income is known or can be anticipated, the change must be reflected in the SOC budget as soon as possible considering timely notice requirements. (See MPG Article 12.)

C. Anticipated Income Not Received

If a beneficiary reports (and verifies) that anticipated income was not received, or was received in an amount less than anticipated, and the report is made timely, the SOC budget must be recomputed and appropriate adjustments made. (See MPG Article 12.)

D. Unanticipated Income Received

If a beneficiary receives income which was not anticipated, current and prior month's budgets are not to be recomputed unless there is evidence that the beneficiary could have anticipated the income and failed to report the change timely.

5. APPORTIONMENT OF INCOME EXEMPTIONS AND DEDUCTIONS

Income exemptions (MPG Article 10, Section 3) and deductions (MPG Article 10, Section 6) will be apportioned over time using the same procedures used for apportioning income.

APPENDIX A

MONTHLY INCOME COMPUTATION

INCOME

When Received	Apportionment Computation to Monthly	Questions to Ask With Income Changes
Annual – once a year (example: every January)	Divide by 12	1. When did you start work or apply for this benefit?
Semiannual – every 6 months (example: every June & December)	Divide by 6	2. When do you expect to get your first payment? (exact day if possible)
Quarterly – every 3 months (example: January, April, July, October)	Divide by 3	3. How often are you expecting a payment? a. Once a month – what date b. Twice a month – what dates c. Every other week – what day of the week d. Every week – what day of the week e. Daily
Monthly – once a month (usually the same date each month – example: the 1 st), would never receive more than 1 paycheck in a month	Use monthly amount	4. What is the pay period? (Example: the pay period ends each Wednesday and the paycheck is received each Friday for the Wednesday pay period ending the week before.)
Semimonthly – twice a month (on specific dates – example: the 1 st & 15 th or 5 th & 20 th), would never receive more than 2 paychecks in a month	Add two paychecks together	5. Will you have health insurance coverage with this new income? a. How much will it cost you? b. Who will be covered?
Biweekly – every other week (example: every other Friday), would occasionally receive 3 paychecks in a month	Multiply paycheck by 2.167	6. Will you pay child care? a. To whom b. For whom c. How much d. How often
Weekly – every week (example: every Saturday), would occasionally receive 5 paychecks in a month	Multiply paycheck by 4.33	
Annual contract of employment – Earned and received in more than 8 but less than 12 months under this contract. (Example: Teachers)	Divide by number of months contract is for and count for all those months	

APPENDIX B

PAYCHECK AND OTHER INCOME STUBS GENERAL INFORMATION

TERMS

1. Gross = Total amount earned before deductions.
2. Net = Amount earned less any deductions (usually the take-home amount).
3. Pay Period = The from and to dates that are included in a particular time frame for which the individual is being paid. Note: The end of the pay period is rarely the date the check/payment is received.
4. Pay Period Ending (PP End) = The check is for the last date of the pay period.
5. Check Date or Pay Date = The date the check is issued or received. Some stubs do not include this date. The recipient should be encouraged to write the date received on each stub as the check is received. This will assist the recipient in completing the status report accurately.

APPENDIX B

ITEMS TO WATCH FOR ON STUBS:

1. Check to see that all stubs are received for the period to be evaluated. Checking the PP End dates, pay dates, and/or year-to-date gross differences will confirm this.
2. If this is an unemployed parent AFDC-MN case, is the unemployed parent working in excess of maximum hours allowed for U-Parent deprivation?
3. Does the stub indicate an insurance deduction? If it does, do we have the information coded appropriately?
4. Is there a deduction for bonds, savings, credit union, etc.? If so, do we have these items declared by the client with current balance information/verification?

TIPS INCOME

To determine Actual Total Gross, the Tips Amount on the stub is deducted from the Actual Tips, and the difference is added to the stub Total Gross.

Pay Stub Information

Pay Period : 5/25 - 5/31
Pay Date : 6/07

Gross Wage : 160.00
Tips : 12.80
Total Gross : 172.80

Computations of Actual Gross

Actual Tips = 50.00
Tips From Paystub - 12.80
37.20
Total Gross on Paystub = +172.80
Total Actual Gross = 210.00
Used in Share of Cost
Computation